

**RESOLUTION NO. 19-01**

**A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF SPRINGFIELD, FLORIDA AUTHORIZING THE ISSUANCE BY THE CITY OF ITS \$7,000,000 PRINCIPAL AMOUNT HURRICANE RECOVERY REVENUE NOTE, SERIES 2019, TO PROVIDE FUNDS FOR HURRICANE MICHAEL RESPONSE, RECOVERY AND MITIGATION; AUTHORIZING THE AWARD OF THE SALE OF THE NOTE UNDER CERTAIN PROPOSED TERMS; AUTHORIZING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT BETWEEN THE CITY AND THE PURCHASER OF THE NOTE; COVENANTING TO BUDGET AND APPROPRIATE LEGALLY AVAILABLE NON-AD VALOREM REVENUES TO PAY THE NOTE; PROVIDING FOR REPEAL OF INCONSISTENT PROVISIONS; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.**

**BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF SPRINGFIELD, FLORIDA, that:**

**SECTION 1. AUTHORITY FOR THIS RESOLUTION.** This Resolution is adopted pursuant to Chapter 166, Part II, Florida Statutes, the City Charter of the City of Springfield and other applicable provisions of law.

**SECTION 2. FINDINGS.** It is hereby ascertained, determined and declared that:

A. The City of Springfield (the "City") desires to obtain financing to provide the City with the necessary funding (the "Loan") to provide for Hurricane Michael response, recovery and mitigation, including debris removal and stormwater system repair and/or such other capital improvements as established by the City Commission (the "Improvements"), and to pay certain costs of issuance in incurring the Loan.

B. It is necessary and desirable to provide for the execution and delivery of a Loan Agreement (the "Loan Agreement") and the issuance of a Hurricane Recovery Revenue Note, Series 2019 (the "Series 2019 Note") to implement the Loan. Amounts due under the Loan Agreement and the Series 2019 Note shall be payable from non-ad valorem revenues of the City derived from the City's covenant to budget and appropriate each year, from legally available non-ad valorem funds, such monies sufficient to pay the principal of and interest on such obligation.

C. In accordance with the provisions of Part III, Chapter 218, Florida Statutes, a negotiated sale of the Series 2019 Note is in the best interest of the City because of the flexibility available in structuring the Series 2019 Note and its terms.

**SECTION 3. AUTHORIZATION AND AWARD OF SERIES 2018 NOTE.** The issuance by the City of its \$7,000,000 principal amount Hurricane Recovery Revenue Note, Series 2019, for the purposes described above; to be dated, to bear interest, to be subject to draws of principal, to be payable, to mature, to be subject to prepayment and redemption and to have

such other characteristics as are provided in the proposal of Regions Equipment Finance Corporation attached hereto as Exhibit "A," and to be secured by a covenant of the City to budget and appropriate from legally available non-ad valorem funds each year monies sufficient to pay the principal and interest on such Series 2019 Note, is hereby authorized. The sale of the Series 2019 Note to Regions Equipment Finance Corporation is hereby authorized.

**SECTION 4. APPROVAL OF LOAN AGREEMENT AND SERIES 2019 NOTE.**

The governing body of the City does hereby authorize the Mayor, Finance Director and the City Clerk, acting with the advice and recommendation of the employees of and advisors to the City, to prepare a Loan Agreement and the Series 2019 Note and the Loan Agreement and Series 2019 Note shall be in such form as the Mayor of the City, acting with advice and recommendation of the employees of and advisors to the City, shall determine to be necessary or desirable in order to consummate the transactions authorized by this Resolution, the determination of the definitive form of the Loan Agreement and Series 2019 Note by the Mayor of the City to be conclusively established by his execution of the same. Further, the governing body of the City does hereby authorize the Mayor, Finance Director or City Clerk of the City and any person or persons designated and authorized by such officers to act in the name and on behalf of the City, or any one or more of them to execute and deliver such instruments and to take such other actions as shall be necessary to implement the Loan.

**SECTION 5. AUTHORIZATION FOR REIMBURSEMENT.** In the event that the City has expended within sixty (60) days prior to the date hereof, or expends between the date hereof and the date of delivery of the Series 2019 Note, moneys from its general fund or capital fund to pay any portion of the costs of the Improvements, a portion of the proceeds derived by the City from such obligations, not to exceed \$4,000,000, will be applied to reimburse the City for funds advanced by it for such purpose and from the funds described above.

**SECTION 6. DESIGNATION OF SERIES 2019 NOTE; COVENANT AS TO TAX-EXEMPT OBLIGATION.** The City intends that the Series 2019 Note be deemed designated as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code. In furtherance of such intent: (a) the City represents that neither the City nor any "subordinate entity" or "on behalf of issuer" of the City, as such terms are used in Section 265(b) of the Internal Revenue Code of 1986, as amended (the "Code"), has issued in 2019, or expects to issue within the remainder of 2019, tax-exempt obligations in an amount in excess of \$10,000,000; and (b) the City hereby designates the Series 2019 Note as a qualified tax-exempt obligation for purposes of Section 265(b)(3) of the Code. In addition, the City acknowledges and agrees that the Series 2019 Note is to be issued in compliance with the conditions necessary for the interest income thereon to be exempt from federal income taxation pursuant to the relevant provisions of the Code and covenants and agrees that it will not in any way cause or permit the proceeds of the Series 2019 Note to be used in a manner which would cause the interest on the Series 2019 Note to lose the exemption from federal income taxation as provided under the Code and the applicable regulations thereunder and will comply with all applicable provisions of the Code (including, without limitation, the provisions relating to post-issuance actions affecting tax exemption) to the extent necessary for interest on the Series 2019 Note to be excludable from gross income of the holders thereof.

**SECTION 7. REPEAL OF INCONSISTENT PROVISIONS.** All resolutions or parts thereof in conflict with this Resolution are hereby repealed to the extent of such conflict.

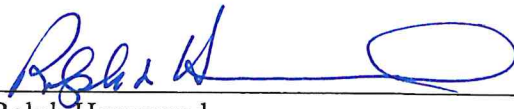
**SECTION 8. SEVERABILITY.** In the event that any portion or section of this Resolution is determined to be invalid, illegal or unconstitutional by a court of competent jurisdiction, such decision shall in no manner affect the remaining portions or sections of this Resolution, which shall remain in full force and effect.

**SECTION 9. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its final passage and adoption.

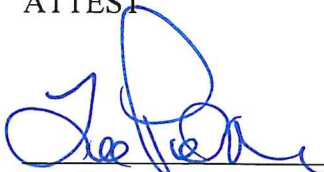
**PASSED AND ADOPTED** this 7<sup>th</sup> day of January, 2019.

**CITY COMMISSION OF THE CITY OF  
SPRINGFIELD, FLORIDA**

(SEAL)

By:   
Ralph Hammond  
Mayor

ATTEST

  
\_\_\_\_\_  
Lee Penton  
City Clerk

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**EXHIBIT "A"**

**REGIONS EQUIPMENT FINANCE CORPORATION  
PROPOSAL DATED DECEMBER 28, 2018**

See Attached.

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December 28, 2018

Mr. Lee Penton, City Clerk  
City of Springfield, Florida  
3529 East 3<sup>rd</sup> Street  
Springfield, FL 32401

**Reference:** Up to \$7,000,000 Bank Qualified Draw Down Loan to be evidenced by a promissory note, bond, or debt instrument (the "Debt Instrument")

Dear Mr. Penton:

Regions Equipment Finance Corporation (the "**Lender**") is pleased to furnish this Term Sheet (this "**Term Sheet**") to the City of Springfield (the "**Borrower**") for an up to \$7,000,000 Tax Exempt, Bank Qualified Loan (the "**Loan**") for the purposes set forth below. We understand that the Borrower intends to close the Loan on or before January 11, 2019 (the "**Anticipated Closing Date**").

This term sheet contains an outline of suggested terms only, and it does not represent a commitment by Lender or create any obligation whatsoever on Lender's part. It is for discussion purposes only, and the outlined terms have not received final approval by the appropriate lending authorities within Regions Equipment Finance Corporation.

Below you will find the proposed set of terms and conditions associated with this Term Sheet:

**Lender:** Regions Equipment Finance Corporation

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**Role of Lender:** The Lender and its representatives are not registered municipal advisors and do not provide advice to municipal entities or obligated persons with respect to municipal financial products or the issuance of municipal securities (including regarding the structure, timing, terms and similar matters concerning municipal financial products or municipal securities issuances) or engage in the solicitation of municipal entities or obligated persons for the provision by non-affiliated persons of municipal advisory services and/or investment advisory services. With respect to this Term Sheet and any other information, materials or communications provided by the Lender: (a) the Lender and its representatives are not recommending an action to any municipal entity or obligated person; (b) the Lender and its representatives are not acting as an advisor to any municipal entity or obligated person and do not owe a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934 to any municipal entity or obligated person with respect to this Term Sheet, information, materials or communications; (c) the Lender and its representatives are acting for their own interests; and (d) the Issuer and the Borrower have been informed that the Issuer and the Borrower should discuss this Term Sheet and any such other information, materials or communications with any and all internal and external advisors and experts that the Issuer and the Borrower, respectively, deem appropriate before acting on this Term Sheet or any such other information, materials or communications.

**Privately Negotiated Loan:** The Borrower acknowledges and agrees that the Lender is purchasing the Note in evidence of a privately negotiated loan and in that connection the Note shall not be (i) assigned a separate rating by any municipal securities rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service.

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**Purpose:** The proceeds of the Loan will be used to provide the Borrower interim funding to pay costs related to the recovery from Hurricane Michael and other potential storms that would require clean-up, collection and disposal of solid waste or other permitted costs (collectively, the **"Project"**).

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**Loan Amount:** Up to \$7,000,000.

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**Structure:** Bank Qualified Tax-Exempt Revenue Backed Draw Down Loan evidenced by a promissory note, bond or other debt instrument (the **"Debt Instrument"**). The Loan will allow funds to be drawn down over the first year after closing, with principal payable at maturity. The Loan will bear interest only on the aggregate amount drawn based on a 30/360 day count provision.

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**Interest Rate:** The Loan is a **Tax-Exempt, Bank Qualified Loan**.

The Loan will bear interest at a variable rate per annum equal to a minimum of (a) 79% of 30-Day LIBOR, plus (b) 72 basis points. During the term of the Loan, the variable rate will adjust monthly according to changes in 30-Day LIBOR. If determined as an indicative rate on December 27, 2018, the tax-exempt variable rate would be 2.72%. This rate is offered for illustrative purposes only and does not constitute a commitment by the Lender to lend at the indicative rate. The actual initial variable rate for the Loan may be higher or lower depending on market conditions at the time the Loan is closed. The variable interest rate on this Loan is subject to change from time to time based on changes in an independent index which is the Libor index for the applicable Interest Period, (the **"Index"**). The Index is not necessarily the lowest rate charged by the Lender on its loans. In the event that Lender shall have reasonably determined (which determination shall be conclusive absent manifest error) that, by reason of circumstances beyond Lender's reasonable control affecting the Index, the Index is unavailable or cannot be determined then Lender, in its sole discretion, will designate a substitute index and provide notice to Borrower of such substitute index. Thereafter, such alternate index shall be deemed to be and shall become the Index as that term is used in this term sheet.

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**Default Rate:** The interest rate otherwise applicable to the Debt Instrument plus 3.00%

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**Repayment:** Interest will be payable semi-annually on each July 1st and January 1st, commencing on July 1, 2019. Principal will be paid at maturity on January 1, 2022. All payments are due on the same calendar day of the month.

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**Maturity Date:** January 1, 2022

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**Prepayment:** The Borrower may prepay all or any portion of the principal balance of this Note at any time without penalty or premium.

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**Facility Fee:** None.

**Other Fees, Costs and Expenses:** The Borrower will be responsible for all out-of-pocket fees, costs and expenses of the Lender (including, without limitation, counsel fees and expenses and costs associated with lien searches, title insurance, appraisals, environmental due diligence, surveys, flood certifications and recordation) incurred in connection with the negotiation, execution, delivery, administration and enforcement of the Loan Documents. In consideration of the undertakings of the Lender hereunder, and recognizing that in connection herewith the Lender will be incurring such fees, costs and expenses, the Borrower agrees to reimburse the Lender for all such fees, costs and expenses, regardless of whether, or to what extent, any of the transactions contemplated hereby are consummated. Lender Counsel fee will not exceed \$7,500 (for review only). If Lender's Counsel is required to draft and/or revise any Loan Documents, such fee will not exceed \$18,500.

**Security:** The Loan will be secured by a covenant to budget and appropriate legally available non ad valorem revenues to pay debt service.

**Taxability and Changes in Tax Rate:** Upon the occurrence of a Determination of Taxability of the Loan, the Borrower agrees to pay to the Lender a rate of interest from the date of Loan funding that would provide the Lender with an after-tax yield on the then outstanding principal amount of this Loan at least equal to the after-tax yield the Lender could have received if a Determination of Taxability had not occurred.

**Increased Costs and Capital Adequacy:** The Lender shall have the right to require, in its sole discretion and at its sole option, additional payments by the Borrower in order to maintain the same after tax yield on the Debt Instrument if the Lender determines in its sole discretion that the adoption or taking effect of, or the change (including by interpretation or application) of, any laws, regulations, rules, guidelines, directives or treaties (except for changes to the tax rate on the overall net income of the Lender), whether or not having the force of law, adversely affects the Lender's after-tax yield, regardless of the date adopted, enacted or issued.

**Representations and Warranties:** Usual and customary for this type of financing.

**Covenants:** Usual and customary for this type of financing, including but not limited to the following:

- (1) The Borrower shall deliver to the Lender each of the following, in form and substance satisfactory to the Lender:
  - (i) audited financial statements within 270 days after the end of the each of the Borrower's fiscal years;
- (2) Prior to closing, the Borrower shall provide to Lender a detailed budget of projects to be completed with proceeds of this loan. The budget will be used to determine the final loan amount.

**Defaults:** Usual and customary for this type of financing.

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**Remedies:** The Lender shall have all of the rights and remedies set forth in the Loan Documents, and available at law and in equity, for the enforcement thereof.

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**Legal Opinions:** As an additional condition precedent to the Lender making the Loan, the Borrower shall provide, among other things, the following opinions to the Lender:

(i) an opinion of bond counsel in form and substance satisfactory to the Lender and its counsel in all respects, which shall include opinions to the effect that (a) the Borrower has the authority under the laws of the State of Florida to issue the Debt Instrument and execute and deliver the Loan Documents, (b) that the Debt Instrument has been duly issued and each of the Debt Instrument and the other Loan Documents to which the Borrower is a party has been duly authorized, executed and delivered by the Borrower, (c) that each of the Debt Instrument and the other Loan Documents to which the Borrower is a party is a valid and binding obligation of the Borrower, duly enforceable in accordance with its terms, (d) that interest on the Debt Instrument is (i) excludable from gross income of the holders thereof for federal income tax purposes and (ii) is exempt from present income taxation in the State of Florida.

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**Transfer Provisions:** The Lender shall maintain the right to transfer and/or assign, in whole or in part, its rights hereunder, the Debt Instrument and/or the Loan, or, in either case, any interest therein, to any person or entity in its sole and absolute discretion. The Borrower may not assign its rights hereunder or under any of the Loan Documents to any person without the prior written consent of the Lender.

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**Disclaimer:** This term sheet describes some of the basic terms and conditions proposed to be included in the documents between the Lender and the Borrower. This term sheet does not purport to summarize all the conditions, covenants, representations, warranties, assignments, events of default, cross default, acceleration events, remedies or other provisions that may be contained in documents required to consummate this financing.

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**US Patriot Act:** The borrower represents and warrants to the Lender that neither it nor any of its principals, shareholders, members, partners, or Affiliates, as applicable, is a Person named as a Specially Designated National and Blocked Person (as defined in Presidential Executive Order 13224) and that it is not acting, directly or indirectly, for or on behalf of any such person. The Authority further represents and warrants to the Lender that the borrower and its principals, shareholders, members, partners, or Affiliates, as applicable, are not directly or indirectly, engaged in, nor facilitating, the transactions contemplated by this transaction on behalf of any Person named as a Specially Designated National and Blocked Person.

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**Confidentiality:** The Borrower acknowledges and agrees that this Term Sheet and the information set forth herein is confidential and proprietary, and further agrees to keep this Term Sheet and the information set forth herein **CONFIDENTIAL**. The Borrower shall not disclose this Term Sheet or any of its material terms to anyone, without the prior written consent of the Lender in each instance, except as such disclosure is required by law or regulation or as a result of any legal or administrative procedure.

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**Governing Law:** State of Florida



**Waiver of Jury Trial:** To the extent permitted by applicable law, each of the Borrower and the Lender irrevocably and voluntarily waives any right it may have to a trial by jury with respect to any controversy or claim between the Borrower and the Lender, whether arising in contract or tort or by statute, including but not limited to any controversy or claim that arises out of or relates to this Term Sheet, the Debt Instrument or any of the other Loan Documents. This provision is a material inducement for the Lender's determination to make the Loan and for the parties to enter into the Loan Documents.

Thank you for providing us with this opportunity to be involved in a financial partnership with the Borrower. The Lender is willing to discuss the terms reflected herein through January 10, 2019. After such date, terms, conditions and pricing may change based on prevailing market conditions and further discussion will be at Lender's sole discretion. We are grateful for your consideration and remain available to promptly respond to any questions that you may have regarding this document. We look forward to hearing from you.

Sincerely,

Derek T. Johnson  
Senior Vice President  
201 Monroe Street, Suite 200  
Montgomery, AL 36104  
334.240.1251 – Office  
334.293.5749 – Fax  
334.430.9990 – Mobile  
[derek.johnson@regions.com](mailto:derek.johnson@regions.com)

EXHIBIT A

In the event Borrower requests Lender to move forward with the approval process after discussion of the aforementioned terms and conditions contained in the Term Sheet, Borrower agrees to reimburse Lender on demand for all out of pocket expenses incurred by Lender if the transaction fails to close for any reason other than Lender's decision not to approve the transaction. Such expenses shall include, but not be limited to, legal expenses incurred by Lender.

**ACCEPTANCE:**

Borrower does hereby agree to all provisions contained in Exhibit A.

Borrower Signature:

By: City of Springfield

Name: Ralph L. Hammond

Title: MAYOR  
